

106TH CONGRESS
2D SESSION

S. 2735

To promote access to health care services in rural areas.

IN THE SENATE OF THE UNITED STATES

JUNE 15, 2000

Mr. CONRAD (for himself, Mr. GRASSLEY, Mr. DASCHLE, Mr. BAUCUS, Mr. KERREY, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. THOMAS, Mr. HARKIN, Mr. ROBERTS, Mr. JOHNSON, Mr. COCHRAN, and Mrs. LINCOLN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To promote access to health care services in rural areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Health Care Access and Rural Equality Act of 2000”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN MARKET BASKET PERCENTAGE ADJUSTMENT FOR RURAL HOSPITALS

Sec. 101. Increase in market basket percentage adjustment for rural hospitals.

TITLE II—CAPITAL RELIEF FOR RURAL HEALTH CARE
INFRASTRUCTURE

Sec. 201. Capital infrastructure revolving loan program.

TITLE III—REFINEMENT OF THE MEDICARE DEPENDENT, SMALL
RURAL HOSPITAL PROGRAM

Sec. 301. Making the medicare dependent, small rural hospital program permanent.

Sec. 302. Option to base eligibility on discharges during any of the 3 most recent audited cost reporting periods.

TITLE IV—EXEMPTION FOR MEDICARE SWING BED HOSPITALS

Sec. 401. Exemption of medicare swing bed hospitals from the prospective payment system for skilled nursing facilities.

TITLE V—TREATMENT OF PHYSICIAN PATHOLOGY SERVICES

Sec. 501. Treatment of certain physician pathology services under medicare.

TITLE VI—TECHNICAL CORRECTIONS TO THE BALANCED
BUDGET REFINEMENT ACT

Sec. 601. Payments to critical access hospitals for clinical diagnostic laboratory tests.

Sec. 602. All-inclusive payment option for outpatient critical access hospital services.

Sec. 603. Extension of option to use rebased target amounts to all sole community hospitals.

Sec. 604. Grants for upgrading data systems.

1 TITLE I—INCREASE IN MARKET
2 BASKET PERCENTAGE AD-
3 JUSTMENT FOR RURAL HOS-
4 PITALS

5 SEC. 101. INCREASE IN MARKET BASKET PERCENTAGE AD-
6 JUSTMENT FOR RURAL HOSPITALS.

7 Section 1886(b)(3)(B)(i) of the Social Security Act
8 (42 U.S.C. 1395ww(b)(3)(B)(i)) (as amended by section
9 406 of the Medicare, Medicaid, and SCHIP Balanced
10 Budget Refinement Act of 1999 (113 Stat. 1501A–373),

1 as enacted into law by section 1000(a)(6) of Public Law
 2 106–113) is amended—

3 (1) in subclause (XVI)—

4 (A) by striking “(other than sole commu-
 5 nity hospitals)” and inserting “(other than any
 6 hospital that is located in a rural area and that
 7 has less than 100 beds, is classified under sub-
 8 section (d)(5)(C), or is a sole community hos-
 9 pital (as defined in subsection (d)(5)(D)(iii)))”;
 10 and

11 (B) by striking “increase for sole commu-
 12 nity hospitals” and inserting “increase for any
 13 hospital that is located in a rural area and that
 14 has less than 100 beds, is classified under sub-
 15 section (d)(5)(C), or is a sole community hos-
 16 pital (as defined in subsection (d)(5)(D)(iii)))”;
 17 and

18 (2) in subclause (XVII)—

19 (A) by inserting “(other than any hospital
 20 that is located in a rural area and that has less
 21 than 100 beds, is classified under subsection
 22 (d)(5)(C), or is a sole community hospital (as
 23 defined in subsection (d)(5)(D)(iii)))” after “for
 24 hospitals”; and

(B) by inserting “, and the market basket percentage increase for any hospital that is located in a rural area and that has less than 100 beds, is classified under subsection (d)(5)(C), or is a sole community hospital (as defined in subsection (d)(5)(D)(iii))” after “in all areas”.

TITLE II—CAPITAL RELIEF FOR RURAL HEALTH CARE INFRA- STRUCTURE

SEC. 201. CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(a) IN GENERAL.—Part A of title XVI of the Public Health Service Act (42 U.S.C. 300q et seq.) is amended by adding at the end the following new section:

“CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM
“SEC. 1603. (a) AUTHORITY TO MAKE AND GUAR-
ANTEE LOANS.—

“(1) AUTHORITY TO MAKE LOANS.—The Secretary may make loans from the fund established under section 1602(d) to any rural entity for projects for capital improvements, including—

“(A) the acquisition of land necessary for
the capital improvements;

1 “(B) the renovation or modernization of
2 any building;

3 “(C) the acquisition or repair of fixed or
4 major movable equipment; and

5 “(D) such other project expenses as the
6 Secretary determines appropriate.

7 “(2) AUTHORITY TO GUARANTEE LOANS.—

8 “(A) IN GENERAL.—The Secretary may
9 guarantee the payment of principal and interest
10 for loans to rural entities for projects for cap-
11 ital improvements described in paragraph (1) to
12 non-Federal lenders.

13 “(B) INTEREST SUBSIDIES.—In the case
14 of a guarantee of any loan to a rural entity
15 under subparagraph (A)(i), the Secretary may
16 pay to the holder of such loan and for and on
17 behalf of the project for which the loan was
18 made, amounts sufficient to reduce by not more
19 than 3 percent of the net effective interest rate
20 otherwise payable on such loan.

21 “(b) AMOUNT OF LOAN.—The principal amount of
22 a loan directly made or guaranteed under subsection (a)
23 for a project for capital improvement may not exceed
24 \$5,000,000.

25 “(c) FUNDING LIMITATIONS.—

1 “(1) GOVERNMENT CREDIT SUBSIDY EXPO-
2 SURE.—The total of the Government credit subsidy
3 exposure under the Credit Reform Act of 1990 scor-
4 ing protocol with respect to the loans outstanding at
5 any time with respect to which guarantees have been
6 issued, or which have been directly made, under sub-
7 section (a) may not exceed \$50,000,000 per year.

8 “(2) TOTAL AMOUNTS.—Subject to paragraph
9 (1), the total of the principal amount of all loans di-
10 rectly made or guaranteed under subsection (a) may
11 not exceed \$250,000,000 per year.

12 “(d) ADDITIONAL ASSISTANCE.—

13 “(1) NONREPAYABLE GRANTS.—Subject to
14 paragraph (2), the Secretary may make a grant to
15 a rural entity, in an amount not to exceed \$50,000,
16 for purposes of capital assessment and business
17 planning.

18 “(2) LIMITATION.—The cumulative total of
19 grants awarded under this subsection may not ex-
20 ceed \$2,500,000 per year.

21 “(e) TERMINATION OF AUTHORITY.—The Secretary
22 may not directly make or guarantee any loan under sub-
23 section (a) or make a grant under subsection (d) after
24 September 30, 2005.”.

1 (b) RURAL ENTITY DEFINED.—Section 1624 of the
 2 Public Health Service Act (42 U.S.C. 300s–3) is amended
 3 by adding at the end the following new paragraph:

4 “(15)(A) The term ‘rural entity’ includes—

5 “(i) a rural health clinic, as defined in sec-
 6 tion 1861(aa)(2) of the Social Security Act;

7 “(ii) any medical facility with at least 1,
 8 but less than 50 beds that is located in—

9 “(I) a county that is not part of a
 10 metropolitan statistical area; or

11 “(II) a rural census tract of a metro-
 12 politan statistical area (as determined
 13 under the most recent modification of the
 14 Goldsmith Modification, originally pub-
 15 lished in the Federal Register on February
 16 27, 1992 (57 Fed. Reg. 6725));

17 “(iii) a hospital that is classified as a
 18 rural, regional, or national referral center under
 19 section 1886(d)(5)(C) of the Social Security
 20 Act; and

21 “(iv) a hospital that is a sole community
 22 hospital (as defined in section
 23 1886(d)(5)(D)(iii) of the Social Security Act).

24 “(B) For purposes of subparagraph (A), the
 25 fact that a clinic, facility, or hospital has been geo-

graphically reclassified under the medicare program under title XVIII of the Social Security Act shall not preclude a hospital from being considered a rural entity under clause (i) or (ii) of subparagraph (A).”.

(c) CONFORMING AMENDMENTS.—Section 1602 of the Public Health Service Act (42 U.S.C. 300q–2) is amended—

(1) in subsection (b)(2)(D), by inserting “or 1603(a)(2)(B)” after “1601(a)(2)(B)”; and

(2) in subsection (d)—

(A) in paragraph (1)(C), by striking “section 1601(a)(2)(B)” and inserting “sections 1601(a)(2)(B) and 1603(a)(2)(B)”; and

(B) in paragraph (2)(A), by inserting “or 1603(a)(2)(B)” after “1601(a)(2)(B)”.

TITLE III—REFINEMENT OF THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM

SEC. 301. MAKING THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM PERMANENT.

(a) PAYMENT METHODOLOGY.—Section 1886(d)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)) (as amended by section 404(a) of the Medicare, Medicaid, and SCHIP Balanced Budget Refine-

1 ment Act of 1999 (113 Stat. 1501A–372), as enacted into
 2 law by section 1000(a)(6) of Public Law 106–113) is
 3 amended—

4 (1) in clause (i), by striking “and before Octo-
 5 ber 1, 2006,”; and

6 (2) in clause (ii)(II), by striking “and before
 7 October 1, 2006,”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) TARGET AMOUNT.—Section 1886(b)(3)(D)
 10 of the Social Security Act (42 U.S.C.
 11 1395ww(b)(3)(D)) (as amended by section 404(b)(1)
 12 of the Medicare, Medicaid, and SCHIP Balanced
 13 Budget Refinement Act of 1999 (113 Stat. 1501A–
 14 372), as enacted into law by section 1000(a)(6) of
 15 Public Law 106–113) is amended—

16 (A) in the matter preceding clause (i), by
 17 striking “and before October 1, 2006,”; and

18 (B) in clause (iv), by striking “through fis-
 19 cal year 2005,” and inserting “or any subse-
 20 quent fiscal year,”.

21 (2) PERMITTING HOSPITALS TO DECLINE RE-
 22 CLASSIFICATION.—Section 13501(e)(2) of the Omni-
 23 bus Budget Reconciliation Act of 1993 (42 U.S.C.
 24 1395ww note) (as amended by section 404(b)(2) of
 25 the Medicare, Medicaid, and SCHIP Balanced

1 Budget Refinement Act of 1999 (113 Stat. 1501A–
 2 372), as enacted into law by section 1000(a)(6) of
 3 Public Law 106–113) is amended by striking “or
 4 fiscal year 2000 through fiscal year 2005” and in-
 5 serting “fiscal year 2000, or any subsequent fiscal
 6 year,”.

7 **SEC. 302. OPTION TO BASE ELIGIBILITY ON DISCHARGES**
 8 **DURING ANY OF THE 3 MOST RECENT AU-**
 9 **DITED COST REPORTING PERIODS.**

10 (a) OPTION TO BASE ELIGIBILITY ON DISCHARGES
 11 DURING ANY OF THE 3 MOST RECENT AUDITED COST
 12 REPORTING PERIODS.—Section 1886(d)(5)(G)(iv)(IV) of
 13 the Social Security Act (42 U.S.C.
 14 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting “, or
 15 any of the 3 most recent audited cost reporting periods,”
 16 after “1987”.

17 (b) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply with respect to cost reporting peri-
 19 ods beginning on or after the date of enactment of this
 20 Act.

1 **TITLE IV—EXEMPTION FOR**
 2 **MEDICARE SWING BED HOS-**
 3 **PITALS**

4 **SEC. 401. EXEMPTION OF MEDICARE SWING BED HOS-**
 5 **PITALS FROM THE PROSPECTIVE PAYMENT**
 6 **SYSTEM FOR SKILLED NURSING FACILITIES.**

7 (a) EXEMPTION FOR MEDICARE SWING BED HOS-
 8 PITALS.—

9 (1) IN GENERAL.—Section 1888(e)(7) of the
 10 Social Security Act (42 U.S.C. 1395yy(e)(7)(A)) is
 11 amended—

12 (A) in the heading, by striking “TRANSI-
 13 TION” and inserting “EXEMPTION”;

14 (B) by striking subparagraph (A) and in-
 15 serting the following new subparagraph:

16 “(A) IN GENERAL.—The prospective pay-
 17 ment system under this subsection shall not
 18 apply to items and services provided by a facil-
 19 ity described in subparagraph (B).”; and

20 (C) in subparagraph (B), by striking “, for
 21 which payment” and all that follows before the
 22 period.

23 (2) EFFECTIVE DATE.—The amendments made
 24 by paragraph (1) shall take effect as if included in
 25 the enactment of section 4432 of the Balanced

1 Budget Act of 1997 (Public Law 105–133; 111
2 Stat. 414).

3 (b) CHANGE IN EFFECTIVE DATE OF BBRA AMEND-
4 MENTS.—

5 (1) IN GENERAL.—Section 408(c) of the Medi-
6 care, Medicaid, and SCHIP Balanced Budget Re-
7 finement Act of 1999 (113 Stat. 1501A–375), as en-
8 acted into law by section 1000(a)(6) of Public Law
9 106–113, is amended by striking “the date that is”
10 and all that follows before the period at the end and
11 inserting “January 1, 2001”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by paragraph (1) shall take effect as if included in
14 the enactment of section 408 of the Medicare, Med-
15 icaid, and SCHIP Balanced Budget Refinement Act
16 of 1999 (113 Stat. 1501A–375), as enacted into law
17 by section 1000(a)(6) of Public Law 106–113.

18 **TITLE V—TREATMENT OF PHYSI-** 19 **CIAN PATHOLOGY SERVICES**

20 **SEC. 501. TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY** 21 **SERVICES UNDER MEDICARE.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of law, when an independent laboratory, under a
24 grandfathered arrangement with a hospital, furnishes the
25 technical component of a physician pathology service with

1 respect to a fee-for-service medicare beneficiary who is an
 2 inpatient of the hospital, such component shall be treated
 3 as a service for which payment shall be made to the lab-
 4 oratory under section 1848 of the Social Security Act (42
 5 U.S.C. 1395w-4) and not as an inpatient hospital service
 6 for which payment is made to the hospital under section
 7 1886(d) of such Act (42 U.S.C. 1395ww(d)).

8 (b) DEFINITIONS.—For purposes of this section—

9 (1) the term “grandfathered arrangement”
 10 means an arrangement between an independent lab-
 11 oratory and a hospital—

12 (A) that was in effect as of July 22, 1999,
 13 even if such arrangement is subsequently re-
 14 newed; and

15 (B) under which the laboratory furnishes
 16 the technical component of physician pathology
 17 services with respect to hospital inpatients and
 18 submits a claim for payment for such compo-
 19 nent to a medicare carrier (and not to the hos-
 20 pital);

21 (2) the term “fee-for-service medicare bene-
 22 ficiary” means an individual who—

23 (A) is entitled to benefits under part A of
 24 title XVIII of the Social Security Act (42
 25 U.S.C. 1395c et seq.); and

1 (B) is not enrolled in a Medicare+Choice
 2 plan under part C of such Act (42 U.S.C.
 3 1395w-21 et seq.), a plan offered by an eligible
 4 organization under section 1876 of such Act
 5 (42 U.S.C. 1395mm), or a medicare managed
 6 care demonstration project; and

7 (3) the term “medicare carrier” means an orga-
 8 nization with a contract under section 1842 of such
 9 Act (42 U.S.C. 1395u).

10 (c) EFFECTIVE DATE.—This section shall apply to
 11 services furnished on or after July 22, 1999.

12 **TITLE VI—TECHNICAL CORREC-**
 13 **TIONS TO THE BALANCED**
 14 **BUDGET REFINEMENT ACT**

15 **SEC. 601. PAYMENTS TO CRITICAL ACCESS HOSPITALS FOR**
 16 **CLINICAL DIAGNOSTIC LABORATORY TESTS.**

17 (a) PAYMENT ON COST BASIS WITHOUT BENE-
 18 FICIARY COST-SHARING.—

19 (1) IN GENERAL.—Section 1833(a)(6) of the
 20 Social Security Act (42 U.S.C. 1395l(a)(6)) is
 21 amended by inserting “(including clinical diagnostic
 22 laboratory services furnished by a critical access hos-
 23 pital)” after “outpatient critical access hospital serv-
 24 ices”.

25 (2) NO BENEFICIARY COST-SHARING.—

1 (A) IN GENERAL.—Section 1834(g) of the
 2 Social Security Act (42 U.S.C. 1395m(g)) is
 3 amended by inserting “(except that in the case
 4 of clinical diagnostic laboratory services fur-
 5 nished by a critical access hospital the amount
 6 of payment shall be equal to 100 percent of the
 7 reasonable costs of the critical access hospital
 8 in providing such services)” before the period
 9 at the end.

10 (B) BBRA AMENDMENT.—Section 1834(g)
 11 of the Social Security Act (42 U.S.C.
 12 1395m(g)) (as amended by section 403(d) of
 13 the Medicare, Medicaid, and SCHIP Balanced
 14 Budget Refinement Act of 1999 (113 Stat.
 15 1501A–371), as enacted into law by section
 16 1000(a)(6) of Public Law 106–113) is
 17 amended—

18 (i) in paragraph (1), by inserting
 19 “(except that in the case of clinical diag-
 20 nostic laboratory services furnished by a
 21 critical access hospital the amount of pay-
 22 ment shall be equal to 100 percent of the
 23 reasonable costs of the critical access hos-
 24 pital in providing such services)” after
 25 “such services,”; and

1 (ii) in paragraph (2)(A), by inserting
 2 “(except that in the case of clinical diag-
 3 nostic laboratory services furnished by a
 4 critical access hospital the amount of pay-
 5 ment shall be equal to 100 percent of the
 6 reasonable costs of the critical access hos-
 7 pital in providing such services)” before
 8 the period at the end.

9 (b) CONFORMING AMENDMENTS.—Paragraphs
 10 (1)(D)(i) and (2)(D)(i) of section 1833(a) of the Social
 11 Security Act (42 U.S.C. 1395l(a)(1)(D)(i);
 12 1395l(a)(2)(D)(i)) (as amended by section 403(e) of the
 13 Medicare, Medicaid, and SCHIP Balanced Budget Refine-
 14 ment Act of 1999 (113 Stat. 1501A–371), as enacted into
 15 law by section 1000(a)(6) of Public Law 106–113) are
 16 each amended by striking “or which are furnished on an
 17 outpatient basis by a critical access hospital”.

18 (c) TECHNICAL AMENDMENT.—Section 403(d)(2) of
 19 the Medicare, Medicaid, and SCHIP Balanced Budget Re-
 20 finement Act of 1999 (113 Stat. 1501A–371), as enacted
 21 into law by section 1000(a)(6) of Public Law 106–113,
 22 is amended by striking “subsection (a)” and inserting
 23 “paragraph (1)”.

24 (d) EFFECTIVE DATES.—

1 (1) IN GENERAL.—Except as provided in para-
 2 graph (2), the amendments made by this section
 3 shall apply to services furnished on or after Novem-
 4 ber 29, 1999.

5 (2) BBRA AND TECHNICAL AMENDMENTS.—
 6 The amendments made by subsections (a)(2)(B) and
 7 (c) shall take effect as if included in the enactment
 8 of section 403(d) of the Medicare, Medicaid, and
 9 SCHIP Balanced Budget Refinement Act of 1999
 10 (113 Stat. 1501A–371), as enacted into law by sec-
 11 tion 1000(a)(6) of Public Law 106–113.

12 **SEC. 602. ALL-INCLUSIVE PAYMENT OPTION FOR OUT-**
 13 **PATIENT CRITICAL ACCESS HOSPITAL SERV-**
 14 **ICES.**

15 (a) ALL-INCLUSIVE PAYMENT OPTION FOR OUT-
 16 PATIENT CRITICAL ACCESS HOSPITAL SERVICES.—Sec-
 17 tion 1834(g) (42 U.S.C. 1395m(g)) (as amended by sec-
 18 tion 601 of this Act and section 403(d) of the Medicare,
 19 Medicaid, and SCHIP Balanced Budget Refinement Act
 20 of 1999 (113 Stat. 1501A–371), as enacted into law by
 21 section 1000(a)(6) of Public Law 106–113) is amended—

22 (1) by striking paragraph (1) and inserting the
 23 following new paragraph:

24 “(1) ELECTION OF CAH.—At the election of a
 25 critical access hospital, the amount of payment for

1 outpatient critical access hospital services under this
 2 part shall be determined under paragraph (2) or (3),
 3 such amount determined under either paragraph
 4 without regard to the amount of the customary or
 5 other charge.”; and

6 (2) by striking paragraph (3) and inserting the
 7 following new paragraph:

8 “(3) ALL-INCLUSIVE RATE.—If a critical access
 9 hospital elects this paragraph to apply, with respect
 10 to both facility services and professional services,
 11 there shall be paid amounts equal to the reasonable
 12 costs of the critical access hospital in providing such
 13 services (except that in the case of clinical diagnostic
 14 laboratory services furnished by a critical access hos-
 15 pital the amount of payment shall be equal to 100
 16 percent of the reasonable costs of the critical access
 17 hospital in providing such services), less the amount
 18 that such hospital may charge as described in sec-
 19 tion 1866(a)(2)(A).”.

20 (b) EFFECTIVE DATE.—The amendments made by
 21 subparagraph (a) shall take effect as if included in the
 22 enactment of section 403(d) of the Medicare, Medicaid,
 23 and SCHIP Balanced Budget Refinement Act of 1999
 24 (113 Stat. 1501A–371), as enacted into law by section
 25 1000(a)(6) of Public Law 106–113.

1 **SEC. 603. EXTENSION OF OPTION TO USE REBASED TARGET**
 2 **AMOUNTS TO ALL SOLE COMMUNITY HOS-**
 3 **PITALS.**

4 (a) IN GENERAL.—Section 1886(b)(3)(I)(i) of the
 5 Social Security Act (42 U.S.C. 1395ww(b)(3)(I)(i)) (as
 6 added by section 405 of the Medicare, Medicaid, and
 7 SCHIP Balanced Budget Refinement Act of 1999 (113
 8 Stat. 1501A–372), as enacted into law by section
 9 1000(a)(6) of Public Law 106–113) is amended—

10 (1) in the matter preceding subclause (I)—

11 (A) by striking “for its cost reporting pe-
 12 riod beginning during 1999 is paid on the basis
 13 of the target amount applicable to the hospital
 14 under subparagraph (C) and that”; and

15 (B) by striking “such target amount” and
 16 inserting “the amount otherwise determined
 17 under subsection (d)(5)(D)(i)”;

18 (2) in subclause (I), by striking “target amount
 19 otherwise applicable” and all that follows through
 20 “target amount’”)” and inserting “the amount other-
 21 wise applicable to the hospital under subsection
 22 (d)(5)(D)(i) (referred to in this clause as the ‘sub-
 23 section (d)(5)(D)(i) amount’)”;

24 (3) in each of subclauses (II) and (III), by
 25 striking “subparagraph (C) target amount” and in-
 26 serting “subsection (d)(5)(D)(i) amount”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 this section shall take effect as if included in the enact-
 3 ment of the Medicare, Medicaid, and SCHIP Balanced
 4 Budget Refinement Act of 1999, as enacted into law by
 5 section 1000(a)(6) of Public Law 106–113.

6 **SEC. 604. GRANTS FOR UPGRADING DATA SYSTEMS.**

7 (a) IN GENERAL.—Part B of title XVI of the Public
 8 Health Service Act (42 U.S.C. 300r et seq.) is amended
 9 by adding at the end the following new section:

10 “GRANTS FOR UPGRADING DATA SYSTEMS

11 “SEC. 1611. (a) GRANTS TO HOSPITALS.—The Sec-
 12 retary may make grants to hospitals that have submitted
 13 applications in accordance with subsection (c) to assist eli-
 14 gible small rural hospitals in meeting the costs of estab-
 15 lishing data systems required to meet requirements estab-
 16 lished under the medicare program pursuant to amend-
 17 ments made by the Balanced Budget Act of 1997 and the
 18 Health Insurance Portability and Accountability Act of
 19 1996.

20 “(b) ELIGIBLE SMALL RURAL HOSPITAL DE-
 21 FINED.—For purposes of this section, the term ‘eligible
 22 small rural hospital’ means a non-Federal, short-term gen-
 23 eral acute care hospital that—

1 “(1) is located in a rural area, as defined for
2 purposes of section 1886(d) of the Social Security
3 Act; and

4 “(2) has less than 50 beds.

5 “(c) APPLICATION.—A hospital seeking a grant
6 under this section shall submit an application to the Sec-
7 retary on or before such date and in such form and man-
8 ner as the Secretary specifies.

9 “(d) AMOUNT OF GRANT.—A grant to a hospital
10 under this section may not exceed \$50,000.

11 “(e) USE OF FUNDS.—A hospital receiving a grant
12 under this section may use the funds for the purchase of
13 computer software and hardware, the education and train-
14 ing of hospital staff on computer information systems, the
15 expenses related to the administrative simplification re-
16 quirements under part C of title XI of the Social Security
17 Act, and to offset costs related to the implementation of
18 prospective payment systems under title XVIII of such
19 Act.

20 “(f) REPORTS.—

21 “(1) INFORMATION.—A hospital receiving a
22 grant under this section shall furnish the Secretary
23 with such information as the Secretary may require
24 to evaluate the project for which the grant is made

1 and to ensure that the grant is expended for the
2 purposes for which it is made.

3 “(2) TIMING OF SUBMISSION.—

4 “(A) INTERIM REPORTS.—The Secretary
5 shall report to the Committee on Commerce of
6 the House of Representatives and the Com-
7 mittee on Health, Education, Labor, and Pen-
8 sions of the Senate at least annually on the
9 grant program established under this section,
10 including in such report information on the
11 number of grants made, the nature of the
12 projects involved, the geographic distribution of
13 grant recipients, and such other matters as the
14 Secretary deems appropriate.

15 “(B) FINAL REPORT.—The Secretary shall
16 submit a final report to such committees not
17 later than 180 days after the completion of all
18 of the projects for which a grant is made under
19 this section.

20 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated such sums as may be
22 necessary for grants under this section.”.

23 (b) CONFORMING AMENDMENT.—Section 1820(g)(3)
24 of the Social Security Act (42 U.S.C. 1395i–4(g)(3)) (as
25 added by section 409 of the Medicare, Medicaid, and

- 1 SCHIP Balanced Budget Refinement Act of 1999 (113
- 2 Stat. 1501A–375), as enacted into law by section
- 3 1000(a)(6) of Public Law 106–113) is repealed.

